



Austin Energy Facilities Master Plan Update

April 24, 2017



Location of Major Facilities



MAJOR AUSTIN ENERGY FACILITIES

- 1 – Town Lake Center
721 Barton Springs Road, 78704
- 2 – 811 Building
811 Barton Springs Road, 78704
- 3 – Kramer Lane Service Center
2526 Kramer Lane, 78758
- 4 – St. Elmo Service Center
4411 Meinardus Drive, 78744
- 5 – Rutherford Lane Campus
1520 Rutherford Lane, 78754
- 6 – System Control Center
2500 Montopolis Drive, 78741
- 7 – Sand Hill Energy Center
1101 Fallwell Lane, Del Valle, TX 78617
- 8 – Decker Creek Power Station
8003 Decker Lane, 78724
- 9 – Justin Lane Facility
6909 Ryan Drive, 78757





Functional Breakdown by Type

Leased Space

Size	Function	Location
71,920	Office	811 Barton Springs
10,000	Office	Rutherford Ln (Bldg. 4)
3,072	Office	Decker Trailer
4,597	Payment Center	North Branch 8716 Research Blvd
1,000	Payment Center	East Branch 2800 Webberville Road
6,800	Warehouse	Todd Ln
39,328	311 Call Center	Rutherford Ln
1,440	Warehouse	South Lamar Storage
5 acres	Laydown Yard	Pilot Knob
138,157 sq. ft. and 5 acres	Total leased space	

Owned Space

Size	Function	Location
176,000	Office	Systems Control Center (SCC)
126,000	Corporate Office and Utility Contact Center	Town Lake Center (TLC) Barton Springs
129,159	Service Center	Kramer Ln
96,750	Service Center	St Elmo
5 acres	Warehouse and Laydown Yard	Ryan Drive and Justin Lane
5 acres	Land	E Yeager Lane and Parmer Lane
18 acres	Land	E. Riverside Dr. and Grove Blvd.
527,909 sq. ft. and 28 acres	Total owned space 79% of Sq. Ft. is owned	

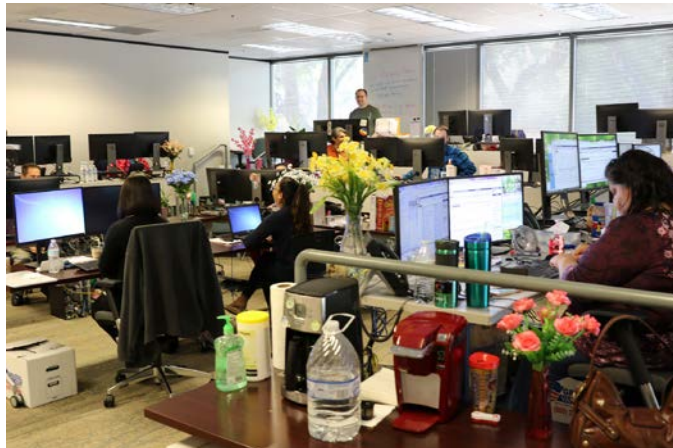
Excludes power production facilities



Constraints of Current Facilities



- Utility Contact Center and Customer Services staff being housed in conference rooms at Service Control Center and 811 Barton Springs
- Unacceptable conditions of the property at Ryan Drive and Justin Lane resulting in under-utilized space
- Escalating lease expenses at 811 Barton Springs
- Increased operating expenses and future renovation costs at Town Lake Center
- Traffic congestion and parking constraints for employees and visitors at Town Lake Center



Conference rooms at 811 Barton Springs configured to work space for Customer Care



Warehouse space located at Ryan Drive and Justin Lane



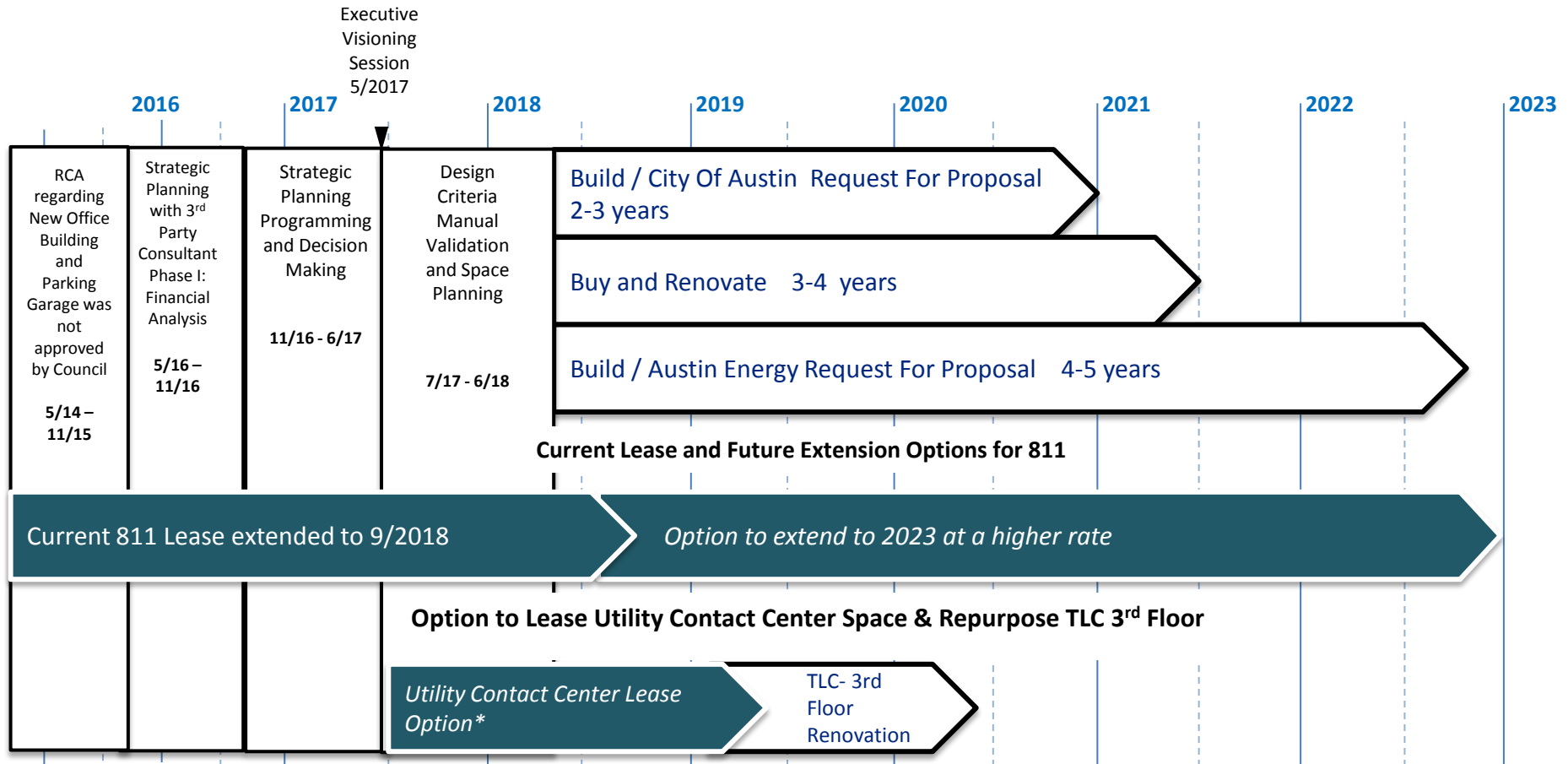
Goals of Facilities Master Plan

- Improve service to our customers
- Reduce operating expenses
- Reduce traffic congestion in the central business district
- Provide safe, functional and environmentally-responsible work space for employees
- Structure with little to no impact on customer bills
- Support City of Austin's comprehensive planning goals



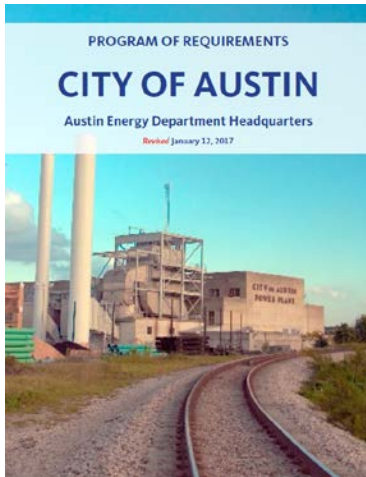
Efforts to Date and Potential Future Plans

Options to Build / Buy & Renovate: Approximate Time to Complete





Facility Space Requirements



Facility space requirements are based upon recommendations from the Gensler Study commissioned by the City of Austin which was completed in January 2017 and incorporates City of Austin space and furniture standards.

200,000 sq. ft.

Corporate office space which includes Utility Contact Center, training and meeting spaces

200,000 sq. ft.

Indoor Warehouse space with adjacent laydown yard (exchanging 135,000 current indoor space and 5 acres of outside storage with 200,000 indoor and < 1 acre laydown yard)

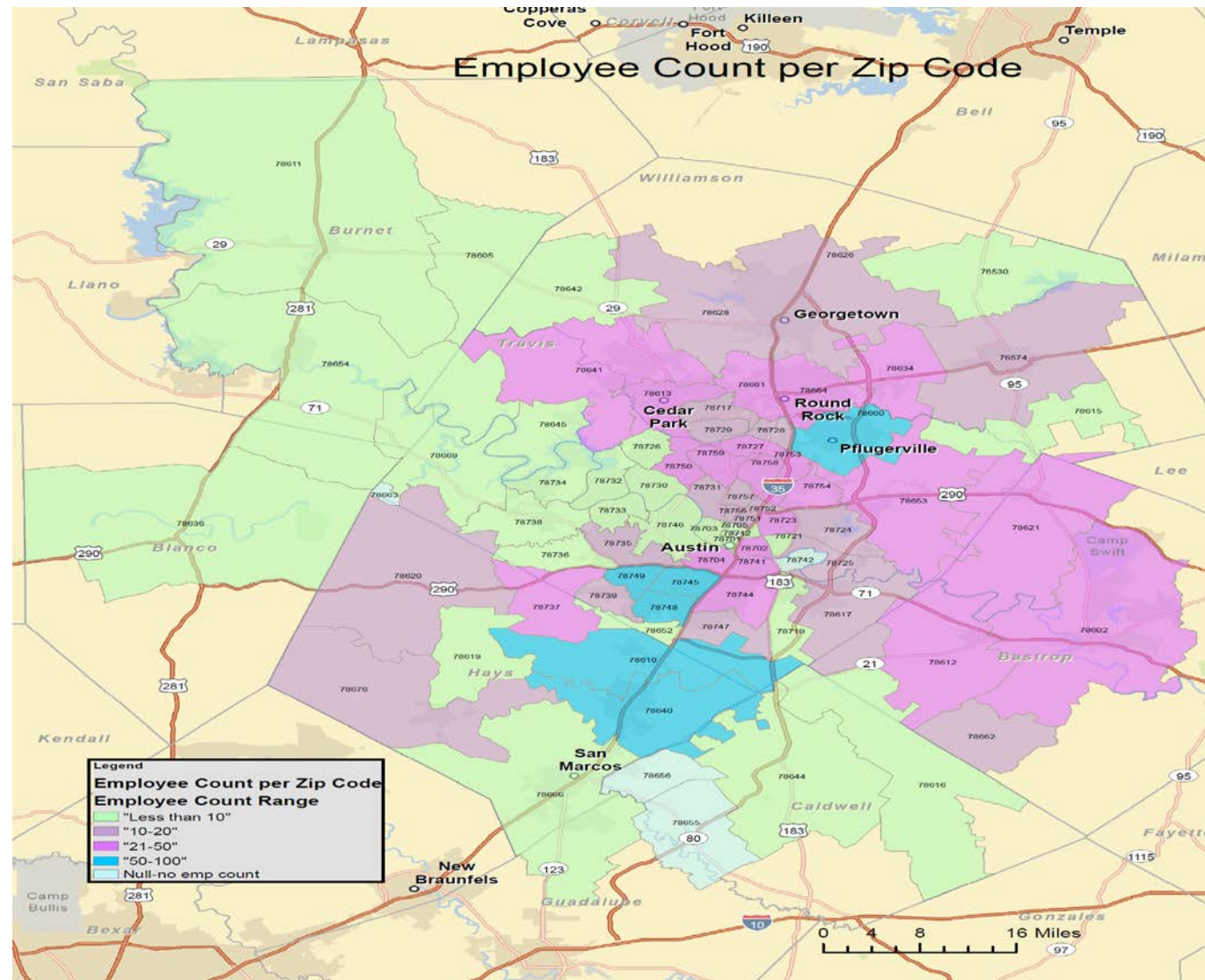
5,000 sq. ft.

Customer Payment Center to serve growing customer base in the south Austin



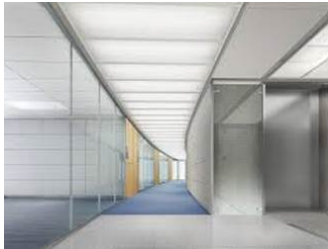
Where Our Employees Live

- 1,700 total employees
- 800 employees assigned to Town Lake Center and 811 Barton Springs Rd.
- Heaviest concentration is south of Hwy 290
- Significant number of employees live east of I35 and in the northern suburban cities

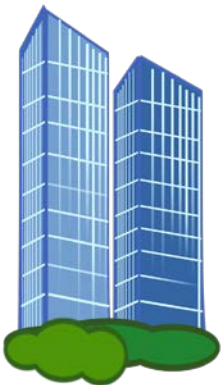




Concept for Corporate Offices and Utility Contact Center



TOTAL RELOCATION



- Build/buy office property
- Relocate all Town Lake Center and 811 staff
- Capture fair market value of Town Lake Center
- Vacate 811 and Palmer leases
- Avoid Utility Contact Center lease

Value Proposition

- Buy an existing or construct a building
 - Replace mechanical, electrical and plumbing
- Move from TLC and 811 to new location
 - Assumes all new finishes, furniture, and equipment to meet City standards
- Reduce expenses by not leasing on Barton Springs

Customer, Stakeholder, & Organizational Impacts

- Consolidates workforce and meets needs for Utility Contact Center
- Meets the time constraints regarding 811 Barton Springs lease
- Economic approach to developing safe and functional workspaces
- Permits Austin Energy to occupy environmentally-responsible building
- Reduces traffic congestion in the downtown business area
- Allows Austin Energy to capture fair market value of Town Lake Center to offset acquisition costs

Concept Implementation Timeline





Concept for Warehouse with Adjacent Laydown Yard

CURRENT



- Currently, Austin Energy occupies 135,000 sf of warehouse space at multiple locations, including Ryan Drive and Justin Lane, Todd Lane, South Lamar:
 - Ryan Drive and Justin Lane property is in unacceptable condition and the cost of renovation is uneconomic
 - Highest and best use for Ryan Drive and Justin Lane property is not industrial warehouse
 - Poor work environment for employees
 - Consolidation of locations allows for reduced staffing requirements

CONCEPT



INVENTORY REDUCTION & SITE CONSOLIDATION

- Consolidate multiple warehouses into a single site, utilizing a purchase or lease-to-buy agreement for immediate need and future flexibility:
 - Reduce inventory, discard and recycle damaged items to reduce footprint requirements by 12,000 sf
 - Consolidate Ryan Drive and Justin Lane, South Lamar, and IT Storage into a single 120,000 sf site – including ESD spare parts, reclamation, laydown, furniture, cubicles, and computer hardware
 - Improved service to our customers with modern inventory technology and safer environment to work



Concept for Customer Payment Centers

CURRENT



East Branch

Rosewood-Zaragosa Center
2800 Webberville Road
Austin, TX 78702

North Branch

(near Ohlen Rd. and Highway 183)
8716 Research Blvd., Suite 115
Austin, TX 78758

CONCEPT

CUSTOMER PAYMENT CENTER



■ South Branch Center

- Wm. Cannon & Manchaca area is a possible location
- Estimated rate is \$25 per sq. ft.
- 2400 +/- sf
- Drive-through would be an attractive feature
- Meets our customers' expectations for service
- Would relieve pressure at Rosewood/Zaragoza and Ohlen Road



Financing Strategies

- Strategies to meet Affordability Goals
 - Capture market value from properties already acquired through utility rates and reinvest in new facilities
 - Properly leverage the acquisitions with use of cash funding and long-term debt
 - Consider the use of Credit Tenant Lease Financing (CTL Financing) if advantageous
 - Strengthen balance sheet with long-term assets
 - Reduce lease and maintenance expenses (operating budget)
 - Take advantage of the expertise and capabilities of the City of Austin's real estate advisor to maintain momentum of transaction in a dynamic market environment
 - Achieve with little to no impact on customer bills



Estimated Impact of Concepts

	Status Quo and Lease Utility Contact Center	Facilities Master Plan Concepts
Estimated 30-Year Net Present Value	\$164M	\$12M
Estimated Monthly Impact to a Residential Customer	\$0.38	\$0.03

- Cost drivers for maintaining the Status Quo
 - Maintaining leases with escalating rates
 - Maintenance and renovation costs associated with current facilities
 - Market value stranded in current facilities



Next Steps

- City of Austin Real Estate to finalize a Request for Proposal
 - Corporate Office and Utility Contact Center
 - Indoor warehouse and adjunct laydown yard
- Coordinating with City of Austin Real Estate on potential acquisition of Customer Payment Center
- Return to City Council in Fall of 2017 with proposals